



**State of Alaska  
Department of Law**

# **Alaska Medicaid Fraud Control Unit**

**Michael C. Geraghty,  
Attorney General**

**Andrew Peterson, Assistant AG  
MFCU Director**

# Introduction

- Omnibus Budget Reconciliation Act 1993
  - Requires states to establish Medicaid Fraud Control Units (MFCU)
  - Sets performance standards and guidelines
  - Minimum personnel requirements
- Federal Financial Participation (FFP) grant
  - Funds 75% of MFCU operations

# Medicaid Fraud Control Unit

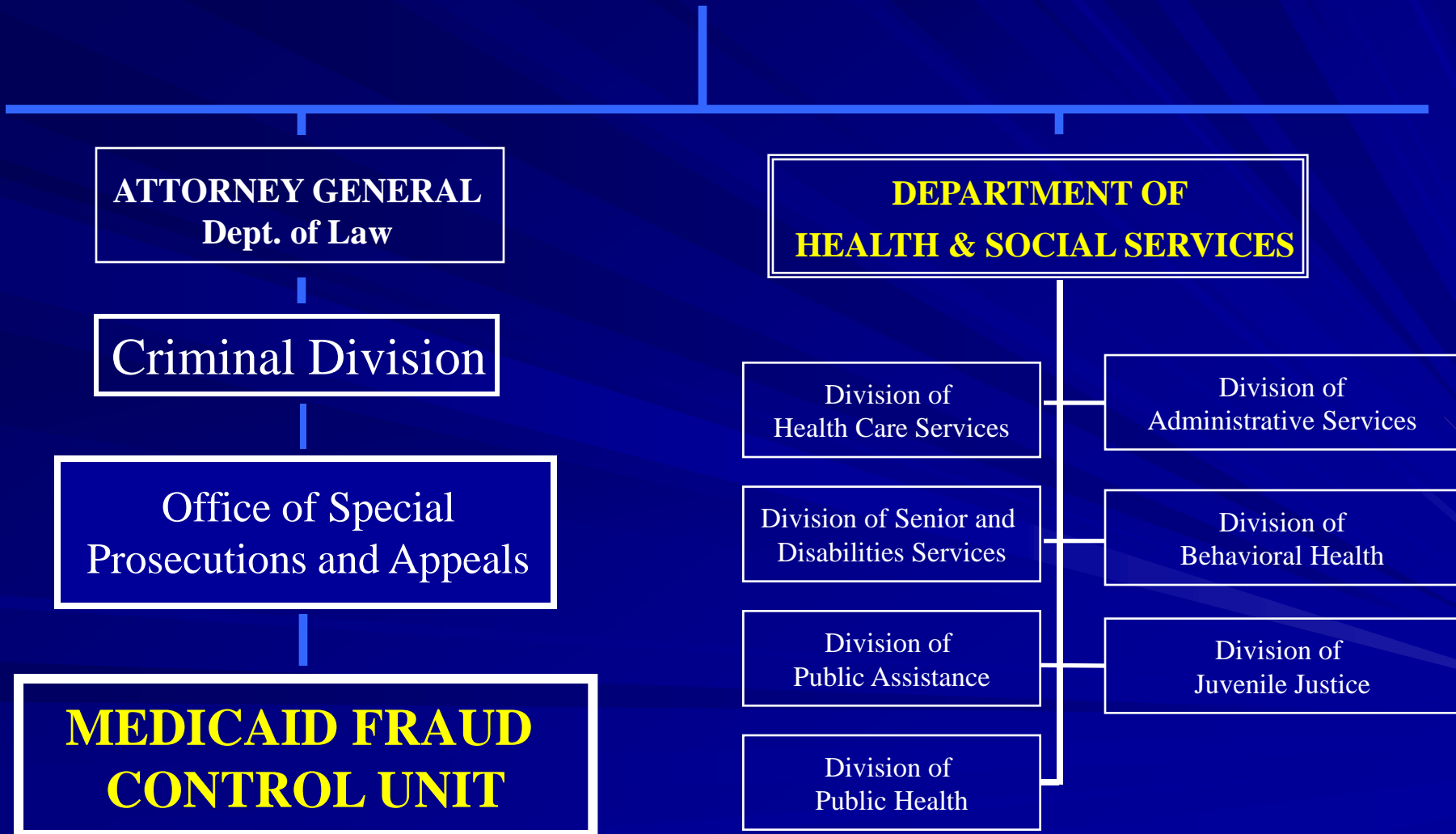
MFCU investigates and prosecutes:

- Medical Assistance Fraud:
- Allegations of abuse or neglect
- Financial exploitation or misappropriation of patient assets

# MFCU LIMITATIONS

- Non-Medicaid cases
- Investigating or prosecuting recipient fraud
- Data mining

# The **Medicaid Fraud Control Unit** is Part of the Department of Law



# Alaska Medicaid Fraud Control Unit

Director & AAG

Auditor  
& CPA

Chief  
Investigator

Law Office  
Assistant

5 Staff  
Investigators



# Funding

ITEM	2010	2011	2012	2013	2014
Budget Request	\$849,067.00	\$892,000.00	\$1,323,361.43	\$1,357,333.47	\$1,525,200.00
Federal Funding - 75%	\$562,995.11	\$608,307.24	\$641,032.31	\$703,168.47	
State Share - 25%	\$187,665.04	\$202,769.08	\$213,677.44	\$234,389.49	
# Investigative Staff	4	4	7	7	7
Total # Investigations	391	499	243	393	
Patient Abuse Investigations	217	302	83	55	
# Convictions	4	1	1	19	27

# Medicaid Fraud Statistics

- FBI 2010-2011 Financial Crimes Report:
  - Estimates fraudulent billing in Medicaid to total between 3-10 percent of total billing nationwide
  - Fraud schemes becoming more sophisticated
  - Efficient deterrence requires agency cooperation



# MFCU Collaboration with DHSS

- Coordinated Medicaid Division Meetings
  - Program Integrity
  - Quality Assurance (SDS)
  - Health Care Services QA
  - Behavioral Health QA
  - Department of Law – Civil Division
- Identify Problems or Limitations
  - Criminal vs. Civil Action
  - Regulation modification

# Collaboration with other Agencies

- Alaska State Troopers
- Municipality of Anchorage & APD
- Office of Inspector General (OIG) Agents
- FBI
- Immigrations and Customs Enforcement
- Other Federal Agencies (SSA, DEA, USPS)
- Dept. of Labor
- Dept. of Commerce
- Dept. of Corrections

# HEALTH CARE FRAUD REFERRAL SOURCES

From DHSS, private citizens, recipients, police,  
providers and other governmental entities

Complaints screened for merit - alleged conduct prohibited  
by statute?

ACCEPTED

REJECTED

CASE INVESTIGATED  
BY MFCU

CASE REFERRED  
TO OTHER AGENCY

CASE  
CLOSED

# Medicaid Payment Suspensions

- 75 suspensions based on credible allegation of fraud (10/12 – Present)
- PCA agency
- Transportation service provider
- Two medical practices
- 70 individual PCAs
- Estimated Savings: \$15 Million

# Prosecutions

October 2012 – Present: MFCU Charged 72 Criminal Cases

## ■ Personal Care Attendants

- Billing for services not provided
- Double billing for time
- Travelling internationally
- Billing while recipient is hospitalized
- Endangering Welfare of Vulnerable Adult

## ■ Assisted Living Home Employees

## ■ Dr. and Office Manager

# Results

- Resolved Cases: (October 2012 – Present)
  - 46 Criminal Convictions
  - Suspension from providing Medicaid services
  - Restitution Judgments totaling \$320,931.00
  - 2 civil resolutions
  
- Pending Cases:
  - Number of pending and ongoing investigations
  - Potential Restitution: 1.3 – 3 million if allegations are proven

# Notable Cases

## ■ State v. Batac:

- Defendant employed by Municipality as property tax assessor and at Home Depot
- Billed Medicaid for PCA services while working at Home Depot
- Billed Medicaid while traveling
- Total fraud \$64,665.47
- Sentence: Conviction for class B felony, one year in jail, restitution and 10 years formal probation.



## ■ State v. Gunes:

- Anchorage Taxi Driver Convicted for Fraudulently Billing Medicaid
- MFCU conducted joint investigation with OIG & FBI
- Gunes accepted vouchers for rides that violated terms and conditions of Medicaid voucher program
- Submitted multiple vouchers to Medicaid from a single ride
- Convicted of medical assistance fraud, a class A misdemeanor offense, fined \$500, restitution, three years probation and barred from billing Medicaid
- Municipality of Anchorage:
  - Issued 5 year suspension on providing chauffeur services
  - Revocation of taxi permit valued at \$39,000



## ■ Anchorage Transportation Company

- Criminal investigation
- Allegations only: Billing for services not provided
- Consequences of credible allegation of fraud
  - State suspension from Medicaid Payment
  - Municipality of Anchorage Suspension
- Change in Municipality of Anchorage regs:
  - Prohibition on accepting Medicaid vouchers
  - Limitation on escort services

## ■ Personal Care Attendant Cases: PCAs

- July 9, 2013: MFCU charged 29 defendants
- Jointly investigated Case with DHSS, OIG, ICE, FBI, APD, Dept. of Commerce, Social Security Administration
- Identified \$362,000 in fraudulent billing
- \$346,000 from a single company

# Lessons Learned

## ■ Value of Agency Cooperation:

- Efficient utilization of limited financial resources
- MFCU & DHSS joint efforts to prevent, reduce and mitigate healthcare fraud, waste and abuse paying dividends
- Identified weaknesses and solutions for improving program

## ■ Innovative Practices:

- Enrollment of PCAs
- High Level of cooperation between agencies

## ■ Sentinel Effect: General Deterrence

- Decrease in fraudulent billing
- Savings from deterring fraud and/or suspending providers